

ARKANSAS

In 2023, total casino gaming revenue reported by Arkansas' three commercial casino properties was \$686.6 million, an increase of 11.8 percent from 2022 and including a first full year of revenue from mobile sports betting operations.

Market Overview

Arkansas offers commercial casino gaming at two racinos and one land-based casino, each of which operates electronic gaming devices, table games, and both retail and mobile sports betting.

In 2018, voters approved a state constitutional amendment to allow casino gaming at the state's two racetracks, Oaklawn Park and Southland Park, as well as at two new facilities located in Jefferson and Pope counties. Prior to the constitutional amendment, gaming operations at the two tracks were restricted to electronic gaming devices offering games of skill or games determined by the outcome of historical horse races. Casino gaming and sports betting is regulated by the Arkansas Racing Commission.

Market Performance

In 2023, total statewide commercial casino gaming revenue was a record \$686.6 million, up 11.8 percent versus the prior year.

Total statewide revenue from electronic gaming devices was \$580.3 million, up 8.7 percent, while revenue from table games was \$69.1 million, up 10.5 percent.

Total sports wagering revenue more than doubled to \$37.2 million, reflecting a first full year of mobile sports betting in Arkansas. After a staggered launch that began in March 2022, the state's three mobile sportsbooks generated \$31.4 million in revenue during 2023 and accounted for 84.5 percent of the annual sports betting total.

KEY STATE INFORMATION

NUMBER OF COMMERCIAL CASINOS

3

CASINO FORMAT

Land-Based Casinos;
Racinos

REGULATORY AUTHORITY

Arkansas Racing
Commission

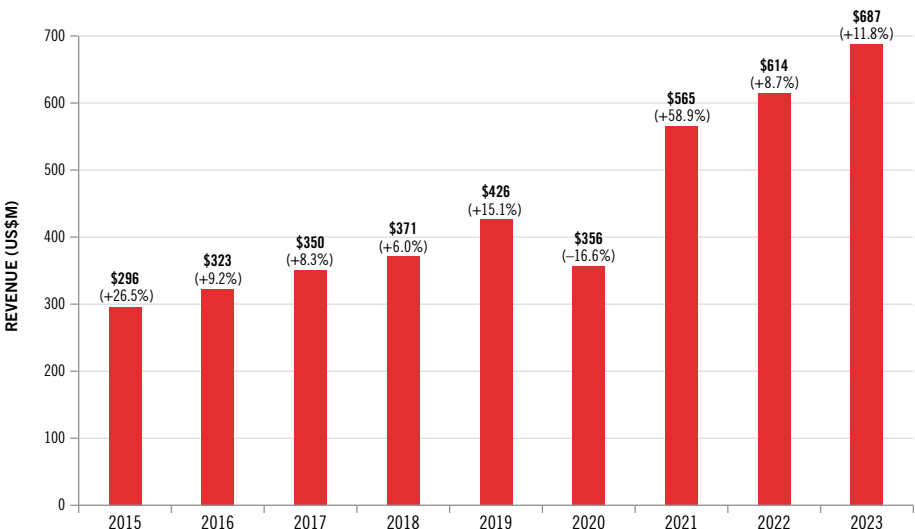
GROSS CASINO GAMING REVENUE 2023

\$686.6M

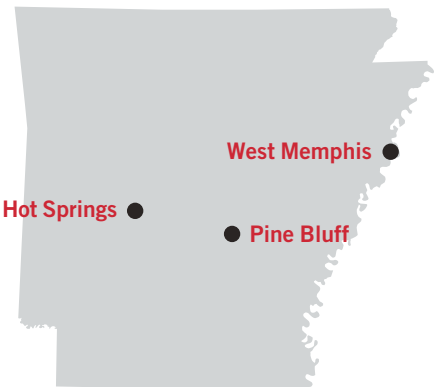
GAMING TAX REVENUE 2023

\$104.6M

ARKANSAS: COMMERCIAL CASINO GAMING REVENUE (US\$M) 2015 to 2023



SOURCE: Arkansas Department of Finance and Administration



Gaming Tax Distribution

In accordance with a 2018 state constitutional amendment, Arkansas commercial casinos are subject to a graduated tax on their revenue. Casino revenue up to \$150 million is taxed at a rate of 13 percent, while a 20 percent rate is applied to any revenue above that amount. Sportsbook operations are further subject to a 0.25 percent federal excise tax applied to wagering handle.

In 2023, Arkansas casinos and racinos generated approximately \$104.6 million in direct gaming tax revenue, up 18.0 percent against the prior year.

Under Arkansas’ constitution, 55 percent of casino gaming tax revenue is allocated to the state’s General Revenue Fund, from which monies are appropriated each year for education, public safety and various other purposes. A further 27.5 percent of tax revenue is distributed to the cities and counties that host casinos, with the remainder used to supplement race purses at the state’s two racetracks.

Competitive Landscape

In addition to competition among the state’s established casinos and racinos, Arkansas gaming operators also compete with various casino properties in neighboring jurisdictions.

Southland Casino Racing in West Memphis competes directly with several casinos in Tunica, Mississippi for patrons from the Memphis metropolitan area, while several large-scale tribal casino-resorts located just across Arkansas’ western border in Oklahoma provide competition to Oaklawn Racing Casino Resort as well as the pending casino in Pope County.

Policy & Regulatory Review
Expansion

At the conclusion of 2023, Arkansas regulators faced the prospect of going back to the drawing board in their longstanding efforts to award the state’s fourth casino license for a facility in Pope County.

In an October ruling, the state Supreme Court invalidated the license awarded by the Arkansas Racing Commission in 2021 to a commercial subsidiary of Oklahoma’s Cherokee Nation after upholding a lower court ruling that the commission overstepped its legal authority in doing so. The Supreme Court previously voided a license that was awarded to a rival bidder.

Following the latest decision, the Arkansas Racing Commission said it was reviewing how to proceed with a new process to award the final commercial casino license available under a 2018 state constitutional amendment.

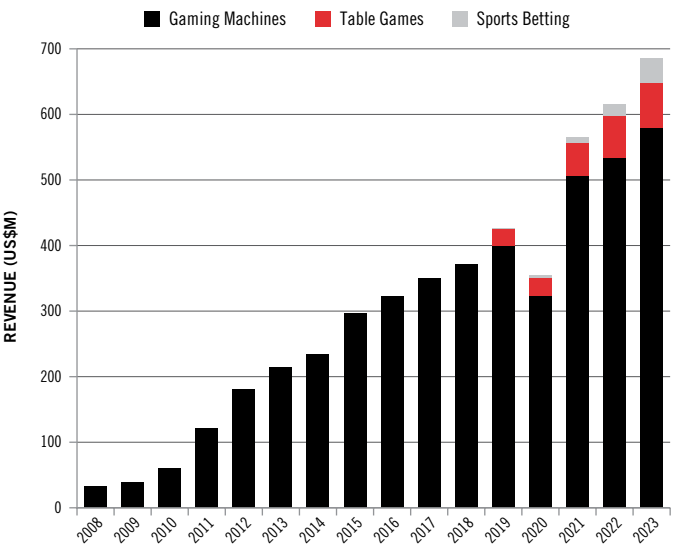
Regulatory Reform

In March, Gov. Sarah Huckabee Sanders (R) signed a bill to amend Arkansas’ casino law to require licensure of companies supplying electronic gaming devices or other services to casinos.

Among other things, the new legislation requires all gaming suppliers and their key employees to undergo a criminal background check and demonstrate to the Arkansas Racing Commission that they have the necessary capabilities and qualifications to provide their equipment or services to a gaming operator. Many of the changes in the bill were more technical corrections than substantive changes and aligned supplier licensing requirements that were already established through administrative regulations.

ARKANSAS: COMMERCIAL GAMING REVENUE (US\$M)
2008 to 2023

Although the launch of mobile sportsbooks has made sports betting the fastest growing segment of Arkansas’ commercial casino gaming market, electronic gaming devices continued to account for the vast majority—approximately 85 percent—of total revenue in 2023.



SOURCE: Arkansas Department of Finance and Administration